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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
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09/253,057    02/19/99    WOOLSTON

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FISH & RICHARDSON P.C.  
601 THIRTEENTH STREET, NW  
WASHINGTON DC 20005

LM01/0328

EXAMINER

SMITH, D

ART UNIT

PAPER NUMBER

2763

DATE MAILED:

03/28/00

**Please find below and/or attached an Office communication concerning this application or proceeding.**

**Commissioner of Patents and Trademarks**

# Office Action Summary

Application No.  
09/253,057

Applicant(s)

Woolston

Examiner  
Demetra R. Smith

Group Art Unit  
2763



☒ Responsive to communication(s) filed on Feb 19, 1999

☐ This action is **FINAL**.

☐ Since this application is in condition for allowance except for formal matters, **prosecution as to the merits is closed** in accordance with the practice under *Ex parte Quayle*, 35 C.D. 11; 453 O.G. 213.

A shortened statutory period for response to this action is set to expire 3 month(s), or thirty days, whichever is longer, from the mailing date of this communication. Failure to respond within the period for response will cause the application to become abandoned. (35 U.S.C. § 133). Extensions of time may be obtained under the provisions of 37 CFR 1.136(a).

## Disposition of Claim

☒ Claim(s) 11-45 is/are pending in the application

Of the above, claim(s) \_\_\_\_\_ is/are withdrawn from consideration

☐ Claim(s) \_\_\_\_\_ is/are allowed.

☒ Claim(s) 11-45 is/are rejected.

☐ Claim(s) \_\_\_\_\_ is/are objected to.

☐ Claims \_\_\_\_\_ are subject to restriction or election requirement.

## Application Papers

☒ See the attached Notice of Draftsperson's Patent Drawing Review, PTO-948.

☐ The drawing(s) filed on \_\_\_\_\_ is/are objected to by the Examiner.

☐ The proposed drawing correction, filed on \_\_\_\_\_ is ☐ approved ☐ disapproved.

☐ The specification is objected to by the Examiner.

☐ The oath or declaration is objected to by the Examiner.

## Priority under 35 U.S.C. § 119

☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).

☐ All ☐ Some\* ☒ None of the CERTIFIED copies of the priority documents have been  
☐ received.

☐ received in Application No. (Series Code/Serial Number) \_\_\_\_\_

☐ received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

\*Certified copies not received: \_\_\_\_\_

☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

## Attachment(s)

☒ Notice of References Cited, PTO-892

☒ Information Disclosure Statement(s), PTO-1449, Paper No(s). 4, 6, 9

☐ Interview Summary, PTO-413

☒ Notice of Draftsperson's Patent Drawing Review, PTO-948

☐ Notice of Informal Patent Application, PTO-152

— SEE OFFICE ACTION ON THE FOLLOWING PAGES —

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### **Part III DETAILED ACTION**

#### ***Information Disclosure Statement***

1. The prior art submitted on 05/07/99 has been considered as indicated on the enclosed copies of form PTO-1449

#### ***Drawings***

2. The drawings are objected to for reasons as set forth by the Notice of Draftsperson's Patent Drawing Review on form PTO-948. Formal drawings will be required when the application is allowed.

#### ***Claim Objections***

3. Claim 38 is objected to because of the following informalities: in claim 3, it is not clear if the word "identify" is appropriate or should it be replaced with --identity--. Appropriate correction is required.

#### ***Claim Rejections - 35 USC § 112, 2nd***

4. Claims 11-18 and 30-37 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As to claims 11-45, what are the terms "first tier" and "second tier" referring to? Exactly what is the applicant referring to as "predetermined assurances" or "providing assurances of

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performance". Exactly how is the assurance provided?. Exactly what is the "first electronic market" and "second electronic market". If applicant is referencing the "first electronic market" to the consignment node at which the seller posts his/her goods, how is that a first market? (The specification is not clear on the definitions of the above-mentioned features and limitations).

As to claim 15, the phrase "said second tier" lacks positive antecedent basis; the phrase "said first tier" lacks positive antecedent basis.

***Claim Rejections - 35 USC § 102***

5. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless --

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371© of this title before the invention thereof by the applicant for patent.

6. Claims 11-18 and 30-37 are rejected under 35 U.S.C. 102(e) as being anticipated by Nahan et al (5,664,111).

As to claims 11 and 30, Nahan et al discloses a system and method of electronically executing transactions with a preprogrammed main computer having data and image storage and retrieval equipment (see abstract, lines 1-4);

the subsystem is searched to see if the prospective buyer was a previous client. If there was previous activity for the client, the dealer may continue with that client's activity by

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displaying a prior created portfolio . . . (see col. 7, lines 46-54). If display of an existing client's portfolio is not desired, or if the dealer is working with a new client, the dealer may enter a variety of selection criteria to identify artwork which comports with the client's taste or desire (see col. 7, lines 64-67; and col. 8, lines 1-3);

when a dealer places a buy order on behalf of a client and acknowledges it, the system generates an order confirmation and assigns a transaction number (see col. 13, lines 47-51).

As to claims 12 and 31, the System replicates the interaction between a salesperson and customer during the sale process with the added benefits of a wealth of information and alternative selections at the salesperson's fingertips. (See col. 3, lines 10-13). If the customer likes a particular work, but has not firmly decided to purchase it, the salesperson can reserve it throughout the entire dealer network for a limited period. (See col. 3, lines 57-59).

Automatically initiating a tracking inquiry if the main computer does not receive an indication of availability of a work which is subject of a buy order within a predetermined period of time (see col. 18, lines 52-56). Executing transactions corresponding to the purchase of the selected listed work of art, each of the intelligent terminals being further operable to execute transactions corresponding to the sale of a work of art listed for sale by the respective dealer whose work of art is being purchased (see col. 22, lines 12-17);

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the invention provides both the sophisticated and unsophisticated customer with a quick and easy way to find desired artwork, through a selection process that identifies works of art by a hierarchy of characteristics (see col. 4, lines 7-11).

As to claims 13, 14, 15, 32, 33, and 34, Nahan et al discloses clicking on the price button shows the suggested retail price. A price difference ratio is calculated between the "suggested retail" and the "net" or "wholesale" price and a color is then momentarily displayed surrounding the retail price. The price difference ratio is calculated by taking the retail price paid minus the wholesale price paid divided by the wholesale price divided by wholesale price. . . . (see col. 13, lines 13-28).

As to claims 16 and 35, Nahan et al discloses if the listing dealer confirms that the work is still available, an acceptance notification is electronically conveyed to the listing dealer. At the same time, an order acceptance is conveyed to the buying dealer as well as an inquiry as to any change in the buying dealer's default shipping instructions. . . . The system requests that the buying dealer wire transfer funds to pay for the purchased work (see col. 13, lines 54-64).

As to claim 17 and 36, Nahan et al discloses property selection means, associated with each of the intelligent terminal means, for randomly, generally or specifically selecting one or more pieces of property for review (see col. 19, lines 61-64).

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As to claims 18 and 37, the system requests that the buying dealer wire transfer funds to pay for the purchased work. At this time, the listing dealer can issue modified wire transfer instructions such as name and address of bank to receive funds. The system will electronically acknowledge receipt of the modification with a wire transfer change notice to the listing dealer. The transfer is preferably made to an escrow account maintained by the system purveyor (see col. 13, lines 62-67 and col. 14, lines 1-5);

property purchase means for automatically generating forms and instructions for the complete payment and transfer of title of selected property (see col. 19, lines 65-67).

***Claim Rejections - 35 USC § 103***

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. Claims 19-45 are rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman et al (5,077,665) in view of Official Notice.

As to claims 19, 25, and 38, Silverman et al discloses a matching system for trading instruments against offers for given trading instruments for automatically providing matching transactions in order to complete trades for the given trading instruments (see abstract, lines 1-5);

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the central data base maintaining a full set of information for every entry including identification the parties which identification is not to be provided for the subset books at the keystations in an anonymous trading system (see col. 2, lines 21-26);

the central system maintains a data base consisting of all of the trading instruments available for trade, credit information, and the bids and offers that are present throughout the system, while the client sites or keystations maintain copies of only the best bids and offers and use those to generate a display (see col. 2, lines 8-15).

As to claims 20, 21, 26, 27 and 39, Silverman et al discloses the broadcast message occurs if this new bid was the new best bid in the system, or was an additional quantity being bid at the best price in the system. Thus, if this new bid is at the highest price or better or higher, then it will result in a bid update broadcast message going out throughout the system (see col. 6, lines 61-67).

As to claim 22, Silverman et al discloses transaction message is received by the central system and contains transaction information. . . . (see col. 13, lines 14-29). A clearing agency may be informed as to the details of the trade so that payments and exchanges may be completed. (See col. 5, lines 41-44).



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As to claim 23, Silverman et al fails to disclose the limitation of the "payment information is credit card account information. However, Official Notice is taken that a payment method can be by a credit card and cleared through a clearing agency is well known within the network transactional art and is generally recognized as routine knowledge among skilled artisans within the computer art. Thus, it would have been obvious to one having ordinary skill in the art at the time the invention was made to use credit card information as payment information in order to provide an adequate and efficient method of payment.

As to claims 28 and 40, Silverman et al discloses a bid which has been introduced at the value of 139.19, a value that betters the current best bid. Since there exists no sub-book on this price on the bid side of the book, a new one is created. At this point, the best bid value is equal to the best offer value so the bid and offer sub-books with the value of 139.19 are submitted to the matching function. (See col. 15, lines 41-61).

As to claims 24, 29 and 41, Silverman et al discloses a keystation book displaying data having a defined keystation book display depth range, such as the best bid or offer, the next best bid or offer, and so forth, and bids and offers which fall outside that display depth range are not displayed. . . . These bids are offers contained in the keystation books are anonymous prior to the completion to the matching transaction (see col. 3, lines 46-56).

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As to claims 42-44, Silverman et al discloses the central data base maintaining a full set of information for every entry including identification of the parties which identification is not to be provided for the subset books at the keystations in an anonymous trading system (see col. 2, lines 21-26);

the central system maintains a data base consisting of all of the trading instruments available for trade, credit information, and the bids and offers that are present throughout the system, while the client sites or keystations maintain copies of only the best bids and offers and use those to generate a display (see col. 2, lines 8-15);

the broadcast message occurs if this new bid was the new best bid in the system, or was an additional quantity being bid at the best price in the system. Thus, if this new bid is at the highest price or better or higher, then it will result in a bid update broadcast message going out throughout the system (see col. 6, lines 61-67);

a bid which has been introduced at the value of 139.19, a value that betters the current best bid. Since there exists no sub-book on this price on the bid side of the book, a new one is created. At this point, the best bid value is equal to the best offer value so the bid and offer sub-books with the value of 139.19 are submitted to the matching function. (See col. 15, lines 41-61);

a keystation book displaying data having a defined keystation book display depth range, such as the best bid or offer, the next best bid or offer, and so forth, and bids and offers which fall outside that display depth range are not displayed. . . . These bids are offers contained in the

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keystation books are anonymous prior to the completion to the matching transaction (see col. 3, lines 46-56).

As to claim 45, Silverman et al discloses the central data base maintaining a full set of information for every entry including identification of the parties which identification is not to be provided for the subset books at the keystations in an anonymous trading system (see col. 2, lines 21-26);

the central system maintains a data base consisting of all of the trading instruments available for trade, credit information, and the bids and offers that are present throughout the system, while the client sites or keystations maintain copies of only the best bids and offers and use those to generate a display (see col. 2, lines 8-15);

the broadcast message occurs if this new bid was the new best bid in the system, or was an additional quantity being bid at the best price in the system. Thus, if this new bid is at the highest price or better or higher, then it will result in a bid update broadcast message going out throughout the system (see col. 6, lines 61-67);

a bid which has been introduced at the value of 139.19, a value that betters the current best bid. Since there exists no sub-book on this price on the bid side of the book, a new one is created. At this point, the best bid value is equal to the best offer value so the bid and offer sub-books with the value of 139.19 are submitted to the matching function. (See col. 15, lines 41-61);

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a keystation book displaying data having a defined keystation book display depth range, such as the best bid or offer, the next best bid or offer, and so forth, and bids and offers which fall outside that display depth range are not displayed. . . . These bids are offers contained in the keystation books are anonymous prior to the completion to the matching transaction (see col. 3, lines 46-56);

the central system validates the transaction request, processes the bid, offer, hit or take according to the rules of the market, and attempts to find matches between this new entry and the other bids and offers posted in the system book. (See col. 5, lines 32-36). In all cases transactions are processed to completion according to certain rules and the various client sites preferably receive real-time updates of the new status of the trading instruments. (See col. 5, lines 46-49);

transaction message is received by the central system and contains transaction information. . . . (see col. 13, lines 14-29). A clearing agency may be informed as to the details of the trade so that payments and exchanges may be completed. (See col. 5, lines 41-44).

### *Conclusion*

9. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Abecassis (5,426,281) discloses a transaction protection system that permits non-related third parties to offer an impartial, readily accessible standardized service that will protect and

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encompass any moneys that are tendered by an individual or business entity to a transaction in relation to a second business or entity.

Shavit et al (4,799,156) discloses a system for interactive on-line electronic communications and processing of business transactions between a plurality of different types of independent users including at least a plurality of sellers, and a plurality of buyers, as well as financial institutions, and freight service providers.

Tim Race ("The Debate Over Electronic Bidding Reaches Washington") discloses an electronic stock trading network auction system that allow large institutional investors to submit orders electronically to buy or sell stock. Bids to buy that match offers to sell result in trades, and the institution pay commissions on perhaps a penny a share, compared with 3 cents to 6 cents a share on the floor of an established exchange.

Stephen A. Davies ("Treasury action to 'go live' with computer tenders. (Treasury Automated Auction Processing System)) discloses electronic tenders will go through a main computer at the Federal Reserve Bank of New York, which developed the software and other elements of the new system. New York Fed staffers say computer bidding will enable them to process the on-line tenders more efficiently before passing them on to the Treasury Department for the final awards.

Business Wire Features ("COMPUTER MUSEUM: The Computer Museum brings auction block to cyberspace in First Internet Auction") discloses an auction, the first of its kind, will be conducted entirely through electronic mail on the Internet using software created and

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donated by Enterprise Integration Technologies (EIT). The Computer Museum First Internet Auction is open to anyone who sends e-mail to: "auction-info auction.tcm.org."

Business Wire ("EIT COMPUTER MUSEUM: First-ever Internet auction produces results for the Computer Museum) discloses the auction is being conducted through electronic mail entirely on the Internet, 24 hours a day, ending April 29, at 8 p.m. EDT. The auction includes more than 60 computer items and a unique assortment of goods and services donated by industry leaders.

Gene McCarthy ("The Electronic Auctioning of Servicing") discloses Cantor Fitzgerald's electronic information/sale system combines the dynamics of an "open outcry" auction with the convenience and confidentiality of an on-line proprietary computer system, making possible telephone bidding from around the world. The system is unique in that it allows bidders to see live bids displayed over an electronic network. With such a system, an "open outcry" auction can be held with an unlimited number of anonymous bidders participating at one time and seeing live bid prices.

Business Wire ("Correcting and replacing previous announcement due to incorrect contact information; INTERNET ONLINE ROCK AND ROLL ART AUCTION CELEBRATING EARTH DAY IS DECLARED OPEN TO THE WORLD FOR ONE MONTH; [http://www.commerce.com/save\\_earth.html](http://www.commerce.com/save_earth.html)"). The online communications and World Wide Web access services, software and network operations services necessary to support the month long

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event are being contributed by the Boulder, Co and Los Angeles, CA offices of Global Commerce Link is a leading Internet business communications and service company.

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to **Demetra R. Smith**, whose telephone number is (703) **308-6989**. The examiner can normally be reached on Tuesday-Friday from 8:00 a.m. to 5:00 p.m. EST.

If attempts to reach the examiner by phone fail, the examiner's supervisor, **Kevin J. Teska**, can be reached at (703) **305-9704**. Additionally, the fax phone for Art Unit 2764 is (703) **308-9051 or 308-9052**, (for formal communications intended for entry), or (703) **308-5397** (for informal or draft communications, please label "PROPOSED" OR "DRAFT").

Hand-delivered responses should be brought to Crystal Park II, 2121 Crystal Drive, Arlington, VA, Sixth Floor (Receptionist).

Communications via Internet e-mail regarding this application, other than those under 35 U.S.C. 132 or which otherwise require a signature, may be used by the applicant and should be addressed to [**Demetra.Smith@uspto.gov**].

All Internet e-mail communications will be made of record in the application file. PTO employees do not engage in Internet communications where there exists a possibility that sensitive information could be identified or exchanged unless the record includes a properly signed express waiver of the confidentiality requirement of 35 U.S.C. 122. This is more clearly set forth in the Interim Internet Usage Policy published in the Official Gazette of the Patent and Trademark on February 25, 1997 at 1195 OG 89.

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist at (703) 305-3900.



**Demetra R. Smith**  
**Patent Examiner**  
**Group Art Unit 2764**  
March 25, 2000



**KEVIN J. TESKA**  
**SUPERVISORY**  
**PATENT EXAMINER**